

Fiscal Estimate Narratives

DOR 4/13/2021

LRB Number 21-2846/1	Introduction Number AB-0232	Estimate Type Original
Description assistance to households and property owners		

Assumptions Used in Arriving at Fiscal Estimate

The bill requires the department, counties, and municipalities to provide payments to every property taxpayer in this state. The amount is equal to approximately 10 percent of the property taxes levied on real property in 2020, less the amount of the school levy property tax credit and less the amount of any delinquent real property taxes, special assessments, special charges, or special taxes owed by the taxpayer. Under the bill, the governor must allocate \$1,067,824,380 from moneys received under the federal American Rescue Plan Act of 2021 to make payments under the bill. The bill provides an additional \$20,000,000 for administrative costs to the department, counties, and municipalities.

The 2019-20 net property tax levy was approximately \$10,678,243,832. Factoring in rounding, the department estimates the bill's cost slightly higher at \$1,067,824,500. Using the statewide average net property tax rate, the tax savings for a median value home valued at \$197,200 would be about \$362. The actual tax savings would vary by property value and net property tax rate. Based on equalized values, approximately 20 percent of the credit benefits commercial property with indeterminate number of properties being owned by out-of-state investors. Approximately 63 percent of residential property with improvements is a primary residence, while the other 37 percent represents second homes and other residential structures that could be owned by nonresidents.

The department's administrative costs are estimated at \$26,400 and cannot be absorbed. Administrative costs for county and municipal governments are indeterminate: the department is not responsible for the property tax bill calculation, distribution, or collection, and does not have parcel level data to make such determination.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description assistance to households and property owners		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$26,400		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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		4/13/2021